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# **THE NEW INTERNATIONAL ECONOMIC ORDER: CHRISTIAN PRINCIPLES BETWEEN DEVELOPED AND DEVELOPING COUNTRIES**

CAROLYN J. SLASINSKI\*

## **INTRODUCTION**

The scope of this paper, concerned with Christian principles in the new international economic order, will be limited to a discussion of the evolution of Christian thought related to the developing countries<sup>1</sup> and to a brief outline of the major demands of the "group of 77,"<sup>2</sup> exploring the changes from the Sixth and Seventh Special Session of the United Nations through the latest United Nations Conference on Trade and Development (UNCTAD V) held in June 1979.

## **THE DEVELOPMENT OF CHRISTIAN PRINCIPLES**

The basis of Christian principles to be applied to dealings between developed and developing nations is found in Christ's teachings on love and charity. Christ taught that if we love our neighbor we cannot let our neighbor be in need. As John stated in his epistle: "But if anyone has the world's goods and sees his brother in need yet closes his heart against

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<sup>1</sup> The terms "developing countries," "Third World," and "lesser developed countries" will be used interchangeably throughout this article.

<sup>2</sup> "Group of 77" was used for the first time at the Fourth Session of the United Nations Conference on Trade and Development (UNCTAD IV) in 1974 to refer to a coalition of 77 developing nations. Currently, there are 117 member states.

him, how does God's love abide in him? My little children, let us not love in word, neither in tongue; but in deed and in truth."<sup>3</sup>

There is more poverty in the world today than in Christ's time, and the methods to relieve poverty have become more complex. Christ's teachings on charity have been updated to apply to the modern world by the Papacy. The Christian view of economic development of the Third World traces its evolution from Christ through the encyclicals of Pope Leo XIII's *Rerum Novarum*,<sup>4</sup> Pope Pius XI's *Quadragesimo Anno*,<sup>5</sup> Pope John XXIII's *Mater et Magistra*<sup>6</sup> and *Pacem in Terris*,<sup>7</sup> and the more recent work, *Populorum Progressio*,<sup>8</sup> by Pope Paul VI.

### *Rerum Novarum*

Pope Leo XIII's encyclical was written in response to the inequity of the industrial revolution.<sup>9</sup> Total production was increased, yet wealth remained in the hands of the few. This situation is similar to the present day when seventy percent of the world's wealth is in the hands of less than thirty percent of the nations.<sup>10</sup>

In the "Magna Carta" of Catholic social teaching, Pope Leo denounced the inequal distribution of poverty, in which so few have so much, comparing it to slavery. He called on the State to recognize that the poor are equal to the rich, and that they are the living parts of the social body. Therefore, Pope Leo declared: "It would be irrational to neglect one portion of the citizens and favor another." It is the duty of the State to provide for the welfare of the downtrodden, otherwise Christian justice will be violated.

The Pope quoted St. Thomas Aquinas to emphasize that the right to property is not an inalienable right: "As the part and the whole are in a certain sense identical, the part may in some sense claim what belongs to the whole."<sup>11</sup> This right should not be exercised by force of the State but rather through voluntary surrender by the rich to the poor.

As Pope Leo emphasized, developed nations have no inalienable right to their wealth, including technology and trade markets. To act on Christian principles, there would be no need for international organizations. The developed countries would perceive the needs of the developing coun-

<sup>3</sup> 1 John 3:17-18.

<sup>4</sup> Acta Leonis XIII, XI (1891).

<sup>5</sup> Acta Apostolicae Sedis 23 (1931).

<sup>6</sup> Acta Apostolicae Sedis 53 (1961).

<sup>7</sup> Acta Apostolicae Sedis 55 (1963).

<sup>8</sup> Acta Apostolicae Sedis 59 (1967).

<sup>9</sup> Although *Rerum Novarum* was directed to the trade unions, we can use it by analogy to the problems of developing countries.

<sup>10</sup> These are 1974 figures.

<sup>11</sup> St. Thomas Aquinas, *De Regimine Principum I*, from *RERUM NOVARUM*.

tries and act on them through voluntary surrender of what was needed.

Pope Leo's simplified answer to world poverty is truly Christian, although it transcends the realities of modern life. We can perceive his theory as the beginning of modern Christian social thought even though it is unrefined.

### *Quadragesimo Anno*

Forty years after *Rerum Novarum*, Pope Pius XI issued the encyclical, *Quadragesimo Anno*,<sup>12</sup> on "reconstructing the social order and perfecting it conformably to the precepts of the Gospel."

Pius wrote this encyclical in celebration of the anniversary of *Rerum Novarum*. The encyclical compliments Pope Leo XIII on being so farsighted to be a contemporary of the present age. The doctrine of property rights enunciated in *Rerum Novarum* was accepted and elaborated on by Pope Pius XI. He formulated a method to calculate aid to developing countries in which three factors must be considered. First, the amount necessary to support or advance the economy of the developing country. Second, adjustment of this amount to prevent detriment to the international economy.<sup>13</sup> Third, "the exigencies of the common good." This plan called for a balance and diversification of aid to reach the best possible state of rhythm in development.

### *Mater et Magistra*

After World War II, a new concern for conditions of economic and international life arose. The Papacy began to enlarge on the theme of social and economic life, eventually reconsidering the problem of underdeveloped nations.

In *Mater et Magistra*,<sup>14</sup> Pope John XXIII attempted to summarize these topics. He often referred to the works of his predecessors, yet his encyclical strikes one as being a completely new pontifical document. The direction he takes and the themes themselves are quite novel — differing, yet reflecting, the previous teachings of the Church.

The problem of economic imbalance was brought to the fore by John XXIII. His writing of *Mater et Magistra* was prompted not only by the inequity he saw but also by a fear that peace between nations would be jeopardized if there were too great a disparity in their economic and social conditions.

Pope John felt that the world is much closer today than ever, and, due to this closeness, this feeling of solidarity, the people of the world

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<sup>12</sup> Acta Apostolicae Sedis 23 (1931).

<sup>13</sup> According to Pope Pius, detriment could occur if competitiveness is lost. *Id.*

<sup>14</sup> Acta Apostolicae Sedis 53 (1961).

have a duty to aid those who are in need. Thus, in Pope John's words: "The nations that enjoy a sufficiency and abundance of everything may not overlook the plight of other nations whose citizens experience such domestic problems that they are all but overcome by poverty and hunger, and are not able to enjoy basic human rights."<sup>15</sup>

In emergency situations, especially famine, it would be a sin to deny aid. "Now justice and humanity require that countries come to the aid of those in need. Accordingly, to destroy entirely or to waste goods necessarily for the lives of men, runs counter to our obligations in justice and humanity."<sup>16</sup>

Most important, the Holy Father acknowledged the fact that poverty and hunger will not be alleviated by aid alone. There must be scientific, technical, and financial cooperation between developed and developing nations. "Toward this end, we look to councils, either of a number of nations, or within individual nations; we look to private enterprises and societies to exert daily, more generous efforts on behalf of such countries, transmitting to them requisite production skills."<sup>17</sup> He called upon banks, nations, and private citizens to finance programs for production through loans. Moreover, he appealed to the developed countries to continue their programs of educating as many youths as possible in their universities to advance the developing countries to present-day standards.<sup>18</sup>

The Pope also stressed the need for social and political non-interference by donor countries to permit developing nations to build their own character. As Pope John stated: "Economically developed countries should take particular care lest, in giving aid to poorer countries, they endeavor to turn the prevailing political situation to their own advantage, seeking to dominate them. Should perchance such attempts be made, this clearly would be but another form of colonialism."<sup>19</sup> This is but an aspect of the need for developed countries to protect the dignity, morality, and virtue of the developing countries. These countries are composed of men, and "man is composed not merely of body, but of soul as well, and is endowed with reason and freedom."<sup>20</sup> Therefore, these countries should develop using their own resources and initiative. "For a citizen has a

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<sup>15</sup> *Id.* at 157.

<sup>16</sup> *Id.* at 161.

<sup>17</sup> *Id.* at 165.

<sup>18</sup> Educational institutions in the United States and other developed countries encourage the youths of the developing countries to study at their universities. The major problem encountered through this program is that of the "Brain Drain." These educated young people discover that they are able to enjoy a more lucrative career by remaining in the developed nations, thus depriving their homelands of their educations. See note 54 and accompanying text *infra*.

<sup>19</sup> *Acta Apostolicae Sedis* 53, at 171-72 (1961).

<sup>20</sup> *Id.* at 150.

sense of his own dignity when he contributes the major share to progress in his own affairs."<sup>21</sup>

This idea of self-help is the most reasonable of all the Pope's suggestions. An underdeveloped country can receive only so much aid until it ceases to care for itself. Given a fair chance, a country that desires development will achieve its goal.

Finally, Pope John XXIII urged the nations of the world to cooperate and provide mutual assistance. As the Pope stated: "One country fears lest another is contemplating aggression and lest the other seize an opportunity to put such plans into effect. Accordingly, countries customarily prepare defenses for their cities and homeland, namely armaments designed to deter other countries from aggression . . . . Consequently, the energies of man and the resources of nature are very widely directed by peoples to destruction rather than to the advantage of the human family, and both individual men and entire peoples become so deeply solicitous that they are prevented from undertaking more important works."<sup>22</sup>

### *Pacem in Terris*

In *Pacem in Terris*,<sup>23</sup> Pope John XXIII reinforces the doctrines he set forth in *Mater et Magistra* regarding the dignity of the human person. He maintained that the liberty of the developing countries must be the primary responsibility of the developed countries who are assisting them.

Pope John XXIII, quoting Pope Pius VII, stated that "in the field of a new order founded on moral principles, there is no room for violation of freedom, integrity and security of other nations, no matter what may be their territorial extension or their capacity for defense. It is inevitable that the powerful States, by reason of their greater potential and their power, should pave the way in the establishment of economic groups comprising not only themselves but also smaller and weaker States as well. It is nevertheless indispensable that in the interests of the common good, they, as all others, should respect the rights of those smaller States to political freedom, economic development and adequate protection, in the case of conflicts between nations, of that neutrality which is theirs according to the natural, as well as international law. In this way, and in this way only, will they be able to obtain a fitting share of the common good, and assure the material and spiritual welfare of their people."<sup>24</sup>

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<sup>21</sup> *Id.* at 151.

<sup>22</sup> *Id.* at 203-04.

<sup>23</sup> *Acta Apostolicae Sedis* 55 (1963).

<sup>24</sup> Radio Broadcast by Pope Pius XII (Christmas Eve, 1941), *reprinted in Acta Apostolicae Sedis* 34, at 16-17 (1942).

*Populum Progressio*

The issue of development rose to the forefront in the 1960's. Pope Paul VI took an active part in an attempt to resolve these issues. His address to the United Nations General Assembly on October 4, 1965, reiterated the concern of Pope John XXIII for the fundamental rights of dignity and freedom of man in the development of nations.

The encyclical, *Populum Progressio*,<sup>25</sup> was Paul's major contribution in the area of development of peoples. Pope Paul felt that aid for development is fundamental to being Christian, founded on the need for charity. He took the issue of development one step further by suggesting that an extensive study be done before extending aid to developing countries. He feared that an alien development may harm the countries by destroying their civilization. "The conflict of the generations is made more serious by a tragic dilemma: whether to retain ancestral institutions and convictions and renounce progress, or to admit techniques and civilizations from outside and reject along with the traditions of the past all their human richness."<sup>26</sup>

The Pope believed that economic assistance would advance a nation without depriving it of its character if it is given with the idea of improving human conditions, while allowing development to occur spontaneously. To achieve this goal, Pope Paul proposed that individual initiative and free play of competition should be supplemented with programmes to promote production. These would tend to reduce inequalities freeing men from any form of servitude while promoting moral progress and spiritual growth.<sup>27</sup>

Education, the Pope continued, should take the primary place in any programme of production and social progress. "Indeed hunger for education is no less debasing than hunger for food: an illiterate is a person with an undernourished mind."<sup>28</sup> When a person is educated, then he will discover he can forge his own progress.

Pope Paul called for the establishment of a "World Fund" to be financed through a portion of the money spent on arms plus any superfluous wealth of the rich countries.<sup>29</sup> The fund would be at the disposal of the developing countries to provide for their immediate needs. This world-wide collaboration would, according to the Pope, prevent wasteful expenditure and alleviate the fear of neo-colonialism.

The terms of the loans from this Fund would be determined by the

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<sup>25</sup> Acta Apostolicae Sedis 59 (1967).

<sup>26</sup> *Id.* at 10.

<sup>27</sup> Pope Paul seemed to infer that the Third World exists in an unadulterated form of capitalist democracy, which currently is not a valid inference.

<sup>28</sup> Acta Apostolicae Sedis 59, at 35 (1967).

<sup>29</sup> *Id.* at 47.

actual needs of the recipient nations. "Developing countries will thus no longer risk being overwhelmed by debts whose repayment swallows up the greater part of their gain. Rates of interest and time for repayment of the loans could be arranged as not to be too great a burden on either party, taking into account free gifts, interest-free or low-interest loans and the time needed for liquidating the debts. This fund must be implemented with complete respect for the sovereignty of the developing states."<sup>30</sup>

The main short-coming of the concept of a "World Fund" is the failure of the Pope to explain exactly how it would be financed. "Superfluous wealth" are words unknown to capitalistic nations whose economy depends on reinvestment. We therefore cannot depend on financial support from the "rich" nations. Nor may we anticipate any reduction in the arms race to contribute to the Fund.

The Pope further stated that the efforts to assist development would be superficial if they were hindered by inequitable trade relations between developed and developing nations. The current law of free competition fails to give developing nations a fair share of the international markets. According to the Pope, the market for goods from industrialized nations is always more than adequate, while the market for raw materials from developing nations is at the mercy of sudden fluctuations in price. This causes problems when exports are relied upon to balance their economy. Thus, "the poor nations remain ever poor while the rich ones become still richer."<sup>31</sup>

To rectify this situation, Pope Paul proposed an equality of opportunity for the developing nations through international agreements beginning with equality in discussions and negotiations. "Here again international agreements on a rather wide scale would be helpful: they would establish general norms for regulating certain prices, for guaranteeing certain types of production for supporting certain new industries."<sup>32</sup>

The Pope called on institutions that would prepare, coordinate and direct this new international economic order — an order of justice, equality and charity. He appealed to the people of the developing countries for they bear the prime responsibility for their development, and he called on the developed nations because any advancement which will lead to peace requires their cooperation.

#### THE EVOLUTION OF THE NEW INTERNATIONAL ORDER

The developing countries have been demanding radical changes in the international economic order since 1955, at the Afro-Asian Conference

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<sup>30</sup> *Id.* at 51.

<sup>31</sup> *Id.* at 57.

<sup>32</sup> *Id.* at 61.



at Bandung. They have continued their drive, making their demands known at the Non-Aligned Nations Conference in Belgrad (1961), Cairo (1964), Lusaka (1970), Algiers (1973), and at the United Nations Conference on Trade and Development (UNCTAD) in Geneva (1964), Delhi (1968), Santiago (1972), and at UNCTAD IV (1974). It was not until the Sixth Special Session of the United Nations (U.N.) in 1974 that the 'demands of the Third World were formalized and acknowledged by the General Assembly, thereby gaining world recognition.

### *Sixth Special Session*

The Sixth Special Session of the U.N. took a major step in negotiations for a fair treatment of the Third World. This conference was organized by the developing countries to enunciate their specific needs. It was the first conference to concentrate entirely on changes in trade and economic development. The scenario was set by Algerian President Boumedienne's comments at the opening of the Session when he stated that the developing countries must be liberated from the domination of colonial powers.<sup>33</sup> In his view, freedom from colonial and imperial domination will prove the only route for economic development and independence in the Lesser Developed Countries (LDC). He also stressed that it is essential for the LDCs to nationalize their natural resource industries as a means toward political liberation<sup>34</sup> and that economic recovery will continue to be unlikely until multinational corporations refrain from exerting economic duress on the developing countries through programs such as unfair price-fixing of raw materials.<sup>35</sup> President Boumedienne concluded, therefore, that it is crucial that the Third World follow the lead of the OPEC nations in the application of a uniform system of price control over all raw materials produced by the LDC.

In accordance with President Boumedienne's speech, the "General Assembly Declaration and Programme of Action on the Establishment of a New International Economic Order" was adopted without a vote by the General Assembly, giving recognition to the "Charter of Economic Rights and Duties of States."<sup>36</sup> The order followed the principles of equality, co-

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<sup>33</sup> U.N. GAOR 6th Special Sess., prov. verbatim rec. A/PV. 2208 (April 10, 1974), at 12, 13.

<sup>34</sup> *Id.* at 16.

<sup>35</sup> *Id.* at 18-20.

<sup>36</sup> For the text of the charter, see U.N. Doc. A/RES/3281 (xxix), 29 U.N. GAOR Supp. 31, at 50 (1974); *The United Nations Charter of Economic Rights and Duties of States*, 9 INT'L LAW. 385 (1975). For analyses of the Charter, see Bower and Tepe, *The Charter of Economic Rights and Duties of States: A Reflection or Rejection of International Law?*, 9 INT'L LAW. 295 (1975); Haight, *The New International Economic Order and the Charter of Economic Rights and Duties of States*, 9 INT'L LAW. 591 (1975); *The Charter of Economic Rights and Duties of States*, American Society of International Law, Proceedings of the 69th Annual Meeting (April 24-26, 1975), at 225.

operation and self-determination for all peoples. It set guidelines to secure favorable conditions for economic growth in the LDC.

Included in the Programme of Action are topics concerned with alleviating several problems: trade and development for raw materials and primary products; the international monetary system; industrialization; transfer of technology; regulation of transnational corporations; cooperation among the UDCs; nationalization of material resources; strengthening the roles of the U.N. in international economics; and a Special Programme to give an additional boost to the LDCs' economy.

To remedy the severe economic imbalance in relations between developed and developing countries, the Programme proposes that four areas must be remedied in the area of trade and development of raw materials and primary products: raw materials; food; general trade; and transportation and insurance.

Regarding raw materials, the developing countries believe that they should have permanent sovereignty over their natural resources so that an equitable balance between the price of exported primary commodities and the price of imported manufactured commodities and food could be reached. Measures to prevent further decline in the price of certain commodities exported by the LDCs were recommended. Also, the LDCs expressed their desire that raw materials be processed within their countries.

The developing nations called on the international community for aid during the time of food shortages. They asked for help in exploiting their arable land and requested that the developed countries refrain from polluting and thus damaging food crops, including those from the sea. To prevent a strain on their balance of payment, the LDCs hoped to negotiate a fair price for the cost of importing food.

In general trade, the Programme set certain terms to eliminate the chronic trade deficits of the LDCs, including: the request to implement the agreements of the UNCTAD and the International Development Strategy; the removal of tariff and non-tariff barriers to improve access to the markets of the developed countries; the establishment of buffer stock financed by the international financial institutes of the developed and developing countries; and generally, any means necessary to expand the trade of primary commodities and raw materials that will promote an equitable share of world trade for the developing countries. Moreover, the Third World requested a fair participation in the area of shipping and transportation, particularly for the land-locked countries.

The second section of the Programme of Action recommended reforms of the International Monetary System and of the financing of the development of the Third World. The objectives of the reformation are to protect the developing countries from any instability of the international monetary system caused by developed countries, such as inflation, which

would tend to have its severest ramifications in the economies of the developing countries, and to give the LDCs a voice in the decision-making process of the international financial systems thereby insuring more equitable treatment.<sup>37</sup> The measures to be taken to finance development and meet the balance of payment crises include: acceleration of the plan set forth in the International Development Strategy for the Second U.N. Development Decade;<sup>38</sup> exemption of the developing countries from all import and capital outflow controls whenever possible; "promotion of foreign investment;" and renegotiation, cancellation, moratorium, rescheduling, and mitigation of debts contracted on unconscionable terms.

The developing countries also asked that the developed countries and the international financial institutions respond favorably to their request for assistance in financing industrial projects. Private investors were also encouraged to invest in the industrial development projects. Operational and instruction-oriented technical assistance programs should be allowed to expand through the aid of the international community.

To further their economic goals, the developing countries requested access to the technology of the developed countries as well as assistance in the application and development of that technology in their own countries.

Special consideration should be given, as stated by President Boumedienne, to the prevention of negative interference by transnational corporations in the countries where they operate through the adoption of an international code of conduct. The corporations should be required to aid the development of these countries by reinvesting<sup>39</sup> their profits in the country and by contributing technical and managerial skills on equitable terms with the benefit to the developing country as their main concern.

The assembly requested that the developing countries promote cooperation among themselves, strengthening their role in the global economic order by advancing one another. There was also a request to strengthen the role of the United Nations through the continuation of the objectives of the International Development Strategy for the Second United Nations Development Decade, in accordance with the objectives of the Declaration on the Establishment of a New International Economic Order, in the implementation of this Programme of Action.

In addition, a Special Programme was adopted by the General Assembly. This programme dealt with emergency measures to cease the cyc-

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<sup>37</sup> For a detailed study of the adequacy of the voting rights of the LDC, see Jeker, *Voting Rights of Less Developed Countries in the IMF*, 12 J. WORLD TRADE L. 218 (1978).

<sup>38</sup> The International Development Strategy includes "a net amount of financial resource transfers to LDC, and an increase in the official component of the net amount of financial resource transfers to LDC."

<sup>39</sup> This assumes that the multinational corporations are allowed by the developing countries to invest.

lical deterioration of the economies of the countries most seriously affected by economic crisis. It called for immediate implementation of the Programme of Action to provide emergency relief to these countries and asked the industrialized countries to make special concessions, such as deferred payments for all or part of the import of essential commodities and goods, favorable terms for subsidies, and debt renegotiation on a scale that would equal or exceed the needs of these countries.

### *Seventh Special Session*

The Seventh Special Session of the United Nations General Assembly took place in September 1975. It stands as a major breakthrough for the Third World in that it opened the channels of communication between the industrialized and the developing countries. The session adopted the resolution entitled "Development and International Economic Cooperation," which consists of seven parts paralleled to the Special Programme of the Sixth Special Session.

With respect to international trade, the resolution stated that a concerted effort should be made to expand and diversify the trade and production capacity of the developing countries. Efforts should also be taken to increase the LDCs' share of world trade and industrial output by accelerating the growth and by diversifying the export trade in manufactures and semi-manufactures and in processed and semi-processed products.

The Fourth Session of the United Nations Conference on Trade and Development (UNCTAD IV) was requested to consider the problem of improvement of the market structures of raw materials and commodities having export interest to the developing countries, including: a) appropriate international stocking and other forms of market arrangements for securing stable remunerative and equitable prices for commodities of export interest to developing countries and promoting equilibrium between supply and demand, including, where possible, long-term multilateral commitments; b) adequate international financing facilities for such stocking and market arrangements; c) where possible, promotion of long-term and medium term contracts; d) substantial improvement of facilities for compensatory financing of export revenue fluctuations through the widening and enlarging of the existing facilities; e) promotion of processing of raw materials in producing developing countries and expansion and diversification of their exports, particularly to developed countries; f) effective opportunities to improve the share of developing countries in transport, marketing and distribution of their primary commodities and to encourage measures of world significance for the evolution of the infrastructure and secondary capacity of developing countries from the production of primary commodities to processing, transport and marketing, and to the production of finished manufactured goods, their transport, distribution and exchange, including advanced financial and exchange institu-

tions for the remunerative management of trade transactions.

The Secretary-General of UNCTAD was asked to present a report to the fourth session on: 1) the impact that an integrated program would have on the imports of the developing countries; 2) the direct and indirect indexation schemes and other options to this end;<sup>40</sup> and, 3) the proportion between prices of raw materials and commodities exported by the developing countries and the final consumer price.

The developed countries then were requested to implement the provisions on the principle of standstill regarding the imports from developing countries. They were also asked to reduce or remove the non-trade barriers affecting the products of export interest to developing countries on a differential and more favorable basis for those countries, and to continue and improve the generalized scheme of preferences. Recommendations were made to eliminate restrictive business practices and to increase efforts to negotiate a set of equitable business practices and rules that would not adversely affect international trade and developing countries' economies.

The section on the transfer of real resources stated that a substantial increase in concessional financial resources to developing countries is required. The developed countries were requested to confirm a commitment to meet the official development target of 0.7% of their gross national product. Similarly, the developing countries asked that "the establishment of a link between the special drawing rights and development assistance . . . form a part of the consideration by the International Monetary Fund of the creation of new special drawing rights as and when they are created according to the needs of international liquidity." Moreover, a trust fund financed through the International Monetary Fund gold sales and voluntary contributions to benefit the developing countries was proposed. Finally, the developed countries were called upon to ensure the developing countries the greatest possible share in the procurement of equipment, consultants, and consulting services on favorable terms.

Other proposals generally included:

- an increase in the capital of the World Bank Group, the resources of the International and the United Nations Development Programme Development Association be made available to the poorest countries;
- an increase in access on favorable terms for the developing countries to the capital markets of the developed countries;
- inclusion of a preponderant grant element improving the conditions of the developed countries' assistance to the LDCs, land-locked, and island countries;

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<sup>40</sup> For a detailed explanation of indexation and its relation to the international commodity market and a discussion of the development of indexation in UNCTAD, see Cuddy, *Indexation in International Commodity Arrangement*, 12 J. WORLD TRADE L. 501 (1978).

- that special attention be given to natural disasters which have a crippling effect on the economy of LDCs; and
- an increase in the number and effectiveness of the developing countries' participation in the decision-making process in the areas of international finance and development institutions.

In the area of science and technology, the resolution proposed a significant expansion of the assistance by developed countries to developing countries. The United Nations system was urged to play a major role in achieving the objectives of transfers and development of science and technology through, among other things, holding a special conference with the objective of strengthening the technological capacity of the developing countries.

For industrialization, the Lima Declaration and Plan of Action on Industrial Development Cooperation were endorsed by the resolution. Redeployment of industry from the developed to the developing countries was encouraged by the resolution, as was general cooperation between the two in the dissemination of information regarding priority areas for industrial cooperation under the auspices of UNCTAD. The section endorsed the conversion of the United Nations Industrial Development Organization (UNIDO) into a specialized agency of the United Nations and discussed the actions to be taken by UNIDO in the area of industrialization.

The resolution stated that a rapid increase in food production in the developing countries is the primary solution to the world food problem. It concluded that essential to this end: a) the international community must give highest priority to agriculture and fisheries development, adopting policies aimed at securing a stable supply of fertilizers and technological assistance, thereby making access to the markets of the developed countries easier to obtain food and agricultural products, and obtaining food grains and financial assistance on the most favorable terms; b) the developed and developing countries must make substantial contributions to the proposed International Fund for Agricultural Development so it may come into being with initial resources of Standard Drawing Rights (SDR); c) the developed countries should support agricultural research aimed at increasing the quantity and quality of food production; and d) all countries should accept the principle of a minimum food aid target and of forward planning of food aid for 1975-1976 being 10 million tons of food grain, participate in the Global Information and Early Warning System on Food and Agriculture to make food aid workable, and subscribe to the International Undertaking on World Food Security to build up the world's food-grain reserves, paying particular attention to the World Food Council.

The section of the resolution dealing with the cooperation among developing countries asked for United Nations assistance and support for developing countries in strengthening and enlarging their mutual cooperation at subregional, regional, and interregional levels.

Finally, the resolution considered restructuring of the economic and social sectors of the United Nations system. This section created an Ad Hoc Committee on the Restructuring of the Economic and Social sectors of the United Nations system to be a committee of the whole of the General Assembly to further the provisions of the Declaration and Programme of Action on the Establishment of the New International Economic Order as well as those of the Charter of Economic Rights and Duties of States.

### UNCTAD

The Sixth and Seventh Special Assembly seemed merely the testing grounds for the Third World. They were successful in proving that negotiation was possible and in enunciating the basic needs of developing countries. Yet, it was not until the formation of UNCTAD that the developing countries gained a forum in their struggle for an equitable international economic policy. Although UNCTAD's actual authority is minimal and its economic resources few, the influence it exerts has had a lasting effect in the international area. UNCTAD gave the Third World the ability to initiate attentions in international organizations such as GATT<sup>41</sup>, and OECD<sup>42</sup> which were normally arms of the West.

The latest meeting of UNCTAD (UNCTAD V) was held in Manila, at the invitation of the government of the Philippines, in June 1979. Presiding over the session was Carlos P. Romulo, Foreign Minister of the Philippines and a former President of the General Assembly. The general aura of the conference was optimistically expressed by President Romulo in his closing remarks when he stated: "There have been no victories in UNCTAD V, and there have been no defeats. We have not been fighting each other here. We have been seeking to agree, even if in some cases we have only agreed to disagree."<sup>43</sup> While agreement was reached in many other areas, the most important decision of the Conference was to implement a new Programme of Action for the least developed nations and to petition for additional assistance for these countries.

The New Programme of Action called for an immediate and substantial commitment to transform the main structural characteristics of the LDCs. It also outlined a comprehensive aid programme designed to transform the economies of the LDCs toward a self-sustained development thus

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<sup>41</sup> For an informative discussion, see J. JACKSON, *WORLD TRADE AND THE LAW OF GAAT* (1969). Chapter 25 gives a detailed study of Article XVIII, pt. IV, dealing with developing countries. See also G. BERGSTEN, *COMPLETING THE GAAT: TOWARD NEW INTERNATIONAL RULES TO GOVERN EXPORT CONTROLS* (1974).

<sup>42</sup> There is some question whether OECD or UNCTAD are able to exert any real power in the international community over the influence and acceptability of their codes. See Schwartz, *Are the OECD and UNCTAD Codes Legally Binding?*, 11 INT'L LAW. 529 (1977).

<sup>43</sup> UNCTAD Press Release No. 897, at 2 (June 4, 1979).

enabling them to provide at least internationally accepted minimum standards of nutrition, health, transport and communications, housing and education as well as job opportunities to all their citizens and particularly to the rural poor.<sup>44</sup>

On development assistance, the conference requested that the 0.7% of gross national income minimum contribution be met and doubled for the LDCs without delay.

The concern for protectionism<sup>45</sup> in international trade was voiced by the developing countries. While the resolution repeatedly urged the developed countries to reduce or eliminate these discriminatory practices, particularly devices employed in the areas of transport, banking, and insurance,<sup>46</sup> the developing countries felt that these measures were not stringent enough to check these practices.

An Integrated Programme for Commodities (IPC) was adopted at UNCTAD V. The most effective portion of the IPC dealt with the processing and product development with a view to promoting the industrialization and increasing the export earnings of developing countries. To this end, there was agreement to take into account:

- a) redeployment of production capacities for commodity processing industries to developing countries, including adjustment assistance and implementation of other measures relating to trade and industrial cooperation;
- b) improvement of the competitiveness of natural products vis-a-vis synthetics and the consideration of measures to harmonize, where appropriate, the production of synthetics and substitutes in developed countries with the supply of natural products produced in developing countries;
- c) increasing market outlets for processed and semi-processed commodities exported by developing countries, *inter alia*, by commitments within trade negotiations;
- d) adequate financial resources for expanding primary commodity processing in developing countries, taking into account the needs for increased allocation of financial resources, both loan and equity capital, through international financial institutions especially to the least developed among developing countries; and
- e) liberalization of market access, particularly in developed countries, for primary and processed products from developing countries.<sup>47</sup>

On Monetary and Financial Issues an International Monetary Reform was requested. The Conference insisted that the International Monetary

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<sup>44</sup> UNCTAD V, Action Copy Department of State, 28 Manila 10988, § 11 (1979) [hereinafter cited as Action Copy].

<sup>45</sup> For a discussion of protectionism, see BLACKHURST, *TRADE LIBERALIZATION, PROTECTIONISM AND INTERDEPENDENCE*, (Geneva, 1977); Bela Balassa, *The "New Protectionism" and the International Economy*, 12 J. WORLD TRADE L. 409 (1978).

<sup>46</sup> Action Copy, *supra* note 44, § 30.

<sup>47</sup> *Id.* § 4.



System (IMS) should provide a more effective and symmetrical international adjustment process with a view toward achieving an equitable sharing of the burden of adjustment, a greater exchange market stability, and a higher degree of international economic policy coordination. This could be accomplished through active surveillance by the IMF in accordance with the guidelines adopted by the executive board over the exchange rate policies of all its members, particularly those with major currencies, and giving due regard to the special circumstances and needs of all its members, noting those specific to developing countries. The IMF was urged to examine the establishment of a development link in the context of SDR allocation based on the long-term global liquidity need to promote the net flow of real resources to developing countries. The IMS was also requested to provide proposals for maintaining the value of the financial assets of developing countries by preventing their erosion from inflation and exchange rate depreciation.<sup>48</sup> Additionally, the Conference recommended an effective international surveillance of global liquidity with the SDR becoming the principal reserve asset and the corresponding changes in the role of gold and reserve currencies, together with a consideration of a substitution account which should be completely compatible with the requirements of the developing countries.<sup>49</sup>

The resolutions on technology were firmly based on the principle of self-determination for the developing countries.<sup>50</sup> The resolution upholds the Paris Convention for the Protection of Industrial Property and asks that the concerns regarding the position of patent holders in the developing countries be kept in mind during its revision in 1980.<sup>51</sup> The Conference proposed certain steps to be taken to prevent the "Brain Drain"<sup>52</sup> and to reverse the transfer of technology from developing to developed countries, including a program of self-education in which developing countries would adapt their educational systems to promote a mutually advantageous use of the human resource. Generally, the resolution requested that the greatest possible effort be undertaken by developed countries to open the channels to provide a free flow of technologies to the developing countries, and for the developing countries to strengthen as much as possible all areas related to technological growth, thus promoting a favorable framework for

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<sup>48</sup> See Third World Debt and Related Financial Arrangements, Proceedings of the 72nd Annual Meeting of American Society of International Law, at 56 (1978).

<sup>49</sup> Action Copy, *supra* note 44 § 7.

<sup>50</sup> For a brief examination of the work of UNCTAD on the transfer of technology see A. F. Ewing, *UNCTAD and the Transfer of Technology*, 10 J. WORLD TRADE L. 197 (1976). See also P. Roffe, *UNCTAD: Code of Conduct on Transfer of Technology: A Progressive Review*, 12 J. WORLD TRADE L. 351 (1978).

<sup>51</sup> See S. Lall, *The Patent System and the Transfer of Technology to Less-Developed Countries*, 10 J. WORLD TRADE L. 1 (1976).

<sup>52</sup> See note 18 *supra*.

their development needs."<sup>53</sup>

To further the goal of self-reliance, a resolution was adopted to promote economic cooperation among the developing countries (ECDC). It would be difficult for the developing countries to attain their economic targets alone. The ECDC is "a key element in the strategy of collective self-reliance and is essential as an instrument to promote structural changes contributing to a balanced and equitable process of global economic development wherein the developing countries will enhance cooperation with each other to increase each other's capabilities and to meet their development needs."<sup>53</sup>

At the closing of the Conference a resolution was adopted by acclamation expressing gratitude and appreciation to President Marcos and the First Lady of the Philippines, Mrs. Imelda Romvaldez Marcos, "for their personal effort and contribution to the success of the Conference."<sup>54</sup>

#### CONCLUSION

This survey of Christian principles and the new international economic order prompts three questions: First, although charity is the basis of aid to the developing nations, do the means set out by the Papacy to meet this end leave much to the imagination of the developing countries? Second, why are the demands of the developing countries as stated in their many resolutions often inconsistent, vague, and at times self-defeating? For instance, the developing countries require foreign investment in their economies yet demand the right to expropriate their major contributors, the multinational and transnational corporations. And, third, does it appear to be unrealistic to attempt to apply Christian principles to the dealings between developed and developing countries in this present state of affairs?

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<sup>53</sup> UNCTAD Press Release No. 897, at 23 (June 4, 1979).

<sup>54</sup> *Id.* at 4.